



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

December 30, 2009

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From:  William T. Fujioka
Chief Executive Officer

STRENGTHENING COUNTY HOMELESS COORDINATION

On November 17, 2009, your Board passed a motion instructing the Chief Executive Office (CEO) with assistance from the Departments of Children and Family Services (DCFS), Health Services (DHS), Mental Health (DMH), Public Social Services (DPSS), the Community Development Commission (CDC), and the Los Angeles Homeless Services Authority (LAHSA) to develop recommendations on how to strengthen the CEO's ability to oversee, coordinate and integrate Countywide homeless service delivery so that homeless individuals and families can more successfully find safe and permanent housing and to report back in 30 days with findings and recommendations. In response, this report makes three main recommendations to strengthen the County's homeless strategy: 1) leverage funds to maximize resources; 2) coordinate a regional approach among partners; and 3) address cost avoidance.

Leverage Funds to Maximize Resources

Your Board requested that the report provide recommendations on how to better leverage existing County funds and better maximize Federal and State dollars to support the ongoing provision of integrated physical and mental health and substance use services for homeless individuals and families, especially within existing and future permanent housing settings. Your Board also instructed us to suggest creative funding methodologies to ensure that homeless efforts can be sustained, including a report back on the feasibility of designating a portion of program funds and contracts for homeless related services and enhanced coordination.

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

As reported in our November 6, 2009, Project 500 Feasibility Report update, our office convened and began chairing a sub-workgroup comprised of representatives from the Special Needs Housing Alliance (SNHA) on September 21, 2009 to explore these very issues. Per your Board's instruction, we have now increased participation on the workgroup by including representatives from the departments and agencies mentioned above that had not been participating previously and that have expertise in services for homeless and/or local, State, and Federal funding sources that serve homeless persons. The purpose of this workgroup is to collectively make recommendations regarding the identification of integrated projects, as well as the funding, planning, and implementation of these ideas into results.

Some of these projects include Housing First models that align housing with services. An example of a major resource leveraging effort the workgroup continues working on is the Skid Row Housing Trust's (SRHT) Charles Cobb Apartments (Cobb Apartments) project. As we mentioned in the November 6, 2009 update, SRHT has 74 units at the Cobb Apartments, scheduled to open January 2010. The Housing Authority of the City of Los Angeles has requested permission from the U.S. Department of Housing and Urban Development (HUD) to move the existing Project 50 clients to the Cobb Apartments. The remaining 24 vacancies at the Cobb Apartments would then also be filled with individuals identified as the most vulnerable homeless in Skid Row.

By moving the Project 50 clients to the Cobb Apartments, the County will be able to sustain and expand the program. While DMH has agreed to continue their services to the Project 50 population indefinitely and the Department of Public Health (DPH) has agreed to continue their services to this population through June 2011, additional funding would be needed for health services provided by John Wesley Community Health (JWCH Institute, Inc.). These health costs can be covered by unspent Project 50 resources, resulting in no need for additional net County cost (NCC). If HUD approves the move, the SRHT will let the integrated services team offices move to the Cobb Apartments rent free.

The SRHT has also agreed to leverage a recent Substance Abuse and Mental Health Services Administration (SAMSHA) grant awarded to SRHT to backfill the vacancies created by Project 50 clients by filling those vacancies with chronically homeless individuals and providing services using the SAMHSA grant funding. The SAMHSA grant will fund supportive services in housing for an additional 100 chronically homeless individuals without increasing costs to the County. Additionally, the Cobb Apartments project was in part funded by the Mental Health Service Act (MHSA) Housing Program for capital development for 25 units. These 25 units will be dedicated to the expansion of Project 50, however, all of the clients using the 25 units must meet MHSA eligibility criteria.

In addition, the workgroup is continuing to work with JWCH to determine how to make the Federal Qualified Health Center (FQHC) model self-sustainable. In order to draw down the State and Federal funding, clients need to be Medi-Cal eligible. As the number of clients in a program increases and more clients are Medi-Cal eligible, the FQHC is able to offset its

costs by the higher revenues it generates for every clinic visit. As this is a relatively new design for us, we are making some assumptions as to what the blend of Medi-Cal eligibles needs to be for the program to become self sustaining. We do not have an answer to this question as yet; however, the gap funding needed from NCC continues to be reduced as more participants are enrolled as Medi-Cal clients. In addition, JWCH has applied with the State to increase their billable rate that would generate additional revenue. They expect a decision from the State within the next year.

Another very promising leveraging opportunity was suggested by the DMH representative on the workgroup. The proposal is to leverage services from a MHSA Full Service Partnership (FSP) contractor with a SRHT project at the Carver Hotel located in the downtown area outside of Skid Row. FSPs represent a great opportunity for leveraging resources. Fifty-one percent of MHSA funding is set aside for FSP slots. FSP providers frequently experience difficulty identifying housing for the seriously mentally ill clients they serve. By leveraging the FSP services with the SRHT housing resources, we are maximizing resources to serve this population. DMH is working with the FSP and SRHT to develop a proposal for your Board's consideration.

The DMH in collaboration with CDC is setting aside four Shelter Plus Care certificates awarded to DMH for the West Hollywood replication of Project 50. Currently, one application is in process from this project.

Our office recently met with United Way (UW) who is interested in working with the County and its partners towards increasing permanent supportive housing. The UW, in partnership with the Los Angeles Chamber of Commerce, is co-chairing the Business Leaders Taskforce. This taskforce includes 22 business leaders Countywide. We have invited the UW to join the SNHA. The UW will be presenting at the January 2010 SNHA meeting and at the Homeless Deputy meeting this month to share their vision with your deputies. In addition, representatives from the workgroup have been meeting regularly with representatives from the City of Los Angeles (City) and the philanthropic organizations who are anxious to partner with the County on homeless issues. For example, the Hilton Foundation has identified programs serving chronic vulnerable homeless as one of their funding priorities. The workgroup will continue building its relationship with other public and private partners to identify leveraging opportunities and set a plan of action.

The workgroup is also recommending that your Board consider setting a policy that would either set-aside some portion of appropriate funding sources, prior to the County departmental services going out for competitive bid, and/or incentivize providers to serve this population by awarding extra points to proposals that prioritize services for homeless individuals and families where applicable, and aligning those services with available housing resources. Funding sources that were identified for your consideration include Public Private Partnerships to address health needs, MHSA appropriate or applicable plans to address mental health issues, and substance abuse funding. The workgroup is

developing generic integrated service models and estimated costs to serve special need populations for budget planning purposes. The workgroup also recommends that incentives be identified to increase the pool of developers that are willing to develop special needs and affordable housing units, especially for areas of the County where there is the greatest need.

Another resource opportunity that the workgroup recommends exploring is the potential excess rental funds for project-based, affordable housing units whose construction was funded with either City or County funds. CDC suggested that excess funds be made available for case management activities that may not currently have a funding source to draw down. CDC was a helpful addition to the workgroup as they provided important resource information about the availability of funding that developers receive from various public funding agencies that can be used for "Service Coordinator Costs" activities. The costs for case management activities have been challenging as prior to learning this, no funding source had been identified for those activities.

The City has demonstrated their willingness to work with the County to leverage its housing resources with our services. They recognize that the County needs to be at the table prior to their release of Requests for Proposals for developers of low-income housing units. We agreed that we need to work together to direct those development projects strategically to maximize their housing dollars with our service dollars. We need to know well in advance as to the number and location of units that are being developed. In addition, the City sees the value in the County having a say as to which clients should be housed once the units are completed. This is an opportunity to work together to get our most cost intensive clients off the street and into housing which we know results in cost avoidance.

Coordinate a Regional Approach

Your Board also requested that we recommend ways to strengthen the CEO's ability to coordinate and integrate Countywide homeless services delivery and prioritize services for targeting populations, that addresses the CEO's structural organization as it relates to oversight of homeless issues and whether the current homeless coordinator position should be upgraded or otherwise strengthened. In addition, you asked for an update on efforts to recruit a Countywide Homeless Coordinator.

As partner agencies continue to join the SNHA and work together on specific projects, relationships among agencies will become stronger. Yet, a facilitating body is necessary to bring together agencies to put together a plan of action to link efforts, identify roles, and coordinate decision making. Moreover, if the body helps foster relationships and joins key partners, a single plan of action can represent the vision of an entire region. The plan would build on existing regional infrastructure and lessons learned. For instance, an important lesson learned from the County's Homeless Prevention Initiative (HPI) is the need to better share information to make connections and link various efforts, ranging from

prevention to rapid re-housing. As we make more and better connections by braiding funds, integrating data systems, and having coordinated program entry and referral, a more comprehensive system of care and better service delivery will result. Simply, if we set a shared vision and know what others are doing, then we will know how to make connections to build a more integrated system that meets the multiple needs of clients. Therefore, the SNHA would play a critical role in bringing partners together in order to plan and implement a regional approach to preventing and reducing homelessness.

Regarding efforts to recruit a Coordinator, our office is currently assessing our resources. Furthermore, various HPI programs and the Recovery Act's Homelessness Prevention and Rapid Re-Housing Program focus on preventing homelessness to avoid significant costs. It is the County's intent to build upon these programs that support eviction prevention and pathways towards greater self-sufficiency. More linkages across programs would contribute to systems improvement and result in better outcomes for residents.

Address Cost Avoidance

Your Board also requested that we address the issue of cost avoidance and the impact on new NCC. Specifically, you requested that the impact to new NCC be addressed in terms of the proposed budget in April 2010, to prevent any competition with funding for mandated departmental core services.

Several recent reports have addressed cost avoidance as it relates to housing homeless persons. The Service Integration Branch - Research and Evaluation Services used data presented in the analytical report from its Adult Linkages Project to estimate that the County spends \$4.34 for every one-dollar spent on General Relief (GR) grants. The findings in the LAHSA's commissioned report, *Where We Sleep: Costs When Homeless and Housed in Los Angeles* conducted by the Economic Roundtable, which we submitted to your Board on November 29, 2009, provides you with detailed cost savings yielded through the provision of supportive housing through SRHT. These are major cost avoidance findings based on analyses of administrative records for over 10,000 GR recipients using services provided by the County DHS, DMH, Probation, DPH, DPSS, and the Sheriff. The findings reported show that while the typical public cost for residents in supportive housing is \$605 per month, the typical monthly public cost for a similar chronic homeless person without housing is \$2,897, which is five times higher.

The "*Where We Sleep*" report provides a wealth of information about the public costs incurred by homeless populations served by the County. The report not only showed that there are significant savings when homeless individuals enter and stay in Permanent Supportive Housing, but it also found that the greatest cost savings were achieved by the Skid Row Collaborative and Project 50. This means that future funding for permanent supportive housing should focus on projects that target the most vulnerable and use a "Housing First" approach.

Each Supervisor
December 30, 2009
Page 6

Significant progress has been made to develop collaborative working partnerships with multiple public and private agencies and philanthropic organizations. It is the County's intent to work with the SNHA to put together an action plan with a timeline that would continue to align resources, while at the same time not increase NCC and maximize resources to serve homeless individuals and families. As more information becomes available, we will keep your Board apprised and we will provide a status report in 60 days.

If you have any questions, please contact me, or your staff may contact Kathy House at (213) 974-4129 or via e-mail at khouse@ceo.lacounty.gov.

WTF:JW
KH:VD:hn

c: Executive Officer, Board of Supervisors
 Acting County Counsel
 Sheriff
 Director of Children and Family Services
 Director of Community Development Commission
 Director of Health Services
 Director of Mental Health
 Director of Public Health
 Director of Public Social Services
 Director, Housing Authority of the City of Los Angeles
 Director, Skid Row Housing Trust